

MASTER FILES

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January 25, 1984

To: Members of the Executive Board

From: The Secretary

Subject: Israel - Economic Measures

We have received from Mr. Polak on January 24, 1984 the following communication:

"The Governor of the Bank of Israel informed me today of the following amendments to the Exchange Control Regulations, effective January 17, 1984, which supplement the economic measures taken in recent months in order to improve the balance of payments situation:

1. The foreign currency allowance for Israeli residents traveling abroad was reduced from US\$3,000 to US\$2,000. The amount of foreign currency which Israeli residents may hold or transfer abroad as support payments or gifts was also reduced from US\$3,000 to US\$2,000. This, however, does not imply any restriction on deposits in Israeli banks denominated in foreign currency (Patam deposits).
2. The permit for Israeli residents to hold bank accounts abroad of up to US\$3,000 has been suspended. The permit for exporters to hold such accounts in connection with their export proceeds has not been changed.
3. The permit for Israeli residents to buy foreign securities abroad has been suspended. However, foreign securities which were bought before January 17, 1984 may be kept. Certain securities of Israeli firms, issued abroad by the approval of the Controller of Foreign Exchange, are exempt from this restriction. Similarly, the acquisition of gold (bullion and coins) by Israeli residents, for investment purposes, has been suspended.
4. Israeli emigrants abroad may now transfer their Israeli assets by means of annual remittances of up to US\$2,000. This amends the permit which enabled emigrants to transfer their assets after the second year of their residence abroad, at annual rates of up to 20 percent."

These measures will be reviewed by the staff during the course of the Article IV consultation discussions with Israel scheduled for February-March 1984.

Other Distribution:  
Department Heads

